

AUDIT REPORT  
OF  
LANCASTER COUNTY, NEBRASKA  
FINANCIAL STATEMENTS  
JUNE 30, 2005

DANA F. COLE & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

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OF  
LANCASTER COUNTY, NEBRASKA  
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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Lancaster County, Nebraska

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lancaster County, Nebraska (the County) as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1 to the financial statements, the County prepared its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the modified cash basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the County as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2005, on our consideration of Lancaster County, Nebraska's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying budgetary information on pages 38 to 47 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The other supplemental information, including the Schedule of Expenditures of Federal Awards which is presented as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Dana J Cole + Company, LLP

Lincoln, Nebraska  
December 31, 2005

LANCASTER COUNTY, NEBRASKA  
STATEMENT OF NET ASSETS  
MODIFIED CASH BASIS  
JUNE 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	32,546,210
Prepaid postage	87,714
Accrued interest receivable	36,672
Due from other government agencies	938,932
Debt issuance costs, net of amortization	90,929
Capital assets, net of related accumulated depreciation	<u>89,271,330</u>
 TOTAL ASSETS	 <u>122,971,787</u>
LIABILITIES	
Vouchers payable	2,239,754
Accrued interest payable	84,045
Other liabilities	1,304,761
Claims payable	715,986
Due to other government agencies	125,000
Capital leases payable	
Expected to be paid in one year	65,007
Expected to be paid after one year	80,058
Bonds payable	
Expected to be paid in one year	1,035,000
Expected to be paid after one year	<u>7,960,000</u>
 TOTAL LIABILITIES	 <u>13,609,611</u>
NET ASSETS	
Invested in capital assets, net of related debt	83,901,124
Restricted	
Debt service	535,817
Encumbrances	2,789,032
Capital projects	1,763,551
Unrestricted	<u>20,372,653</u>
 TOTAL NET ASSETS	 <u>109,362,177</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
STATEMENT OF ACTIVITIES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2005

		Program Receipts		Net (Disbursements) Receipts and Changes in Fund Equity
		Charges for Services	Operating Grants and Contributions	Primary Government
Functions/Programs	Disbursements			Governmental Activities
Governmental activities				
General Government	22,533,960	19,608,005	816,389	(2,109,566)
State Medicaid Intergovernmental				
Transfer	12,487,066	12,489,566		2,500
Public Safety - Law Enforcement	23,616,851	1,054,578	4,572,316	(17,989,957)
Public Safety - Judicial	17,799,806	1,813,974	2,689,707	(13,296,125)
Community Development	412,152		123,518	(288,634)
Public Works	12,798,451	575,491	5,307,387	(6,915,573)
Public Health and Human Services	43,958,950	17,581,056	16,337,572	(10,040,322)
Culture and Recreation	1,483,580		865,170	(618,410)
Debt service interest	416,840			(416,840)
Bond issuance costs	70,156			(70,156)
Total governmental activities	<u>135,577,812</u>	<u>53,122,670</u>	<u>30,712,059</u>	<u>(51,743,083)</u>
General receipts				
Taxes				
Property taxes				41,439,576
Motor vehicle tax				6,429,250
Inheritance tax				3,607,861
Homestead exemption				1,022,897
In Lieu of tax				1,106,332
Carline/Airline tax				379,397
Insurance tax				417,358
MV prorate tax				122,966
State aid to counties				764,218
Unrestricted investment earnings				1,283,501
Sale of fixed assets				206,474
Total general receipts				<u>56,779,830</u>
CHANGE IN NET ASSETS				5,036,747
NET ASSETS, beginning of year				<u>104,325,429</u>
NET ASSETS, end of year				<u>109,362,176</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

	General Fund	Bridge and Special Road Fund	Highway Fund	Grants Fund	Debt Service Fund	Families First Fund	Lancaster Manor Fund	Community Mental Health Fund	Property Management Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>											
ASSETS											
Cash and investments	12,708,432	2,514,713	1,252,759	769,763	630,247	4,013,870	1,281,244	(48,608)	267,536	1,411,979	24,801,935
Prepaid postage	1,498,149		507,983		10,528			270,437	87,714	1,835	87,714
Due from other government agencies											2,288,932
<b>TOTAL ASSETS</b>	<b>14,206,581</b>	<b>2,514,713</b>	<b>1,760,742</b>	<b>769,763</b>	<b>640,775</b>	<b>4,013,870</b>	<b>1,281,244</b>	<b>221,829</b>	<b>355,250</b>	<b>1,413,814</b>	<b>27,178,581</b>
<b>LIABILITIES AND FUND BALANCES</b>											
LIABILITIES											
Vouchers payable	1,179,577	65,074	118,143	188,083	32	399,576	84,466	107,407	8,856	79,771	2,230,985
Other liabilities	701,896	35,112	41,596			2,860	221,857	116,468	75,253	16,519	1,211,561
Due to other government agencies					2,100,000				125,000		2,225,000
Total liabilities	1,881,473	100,186	159,739	188,083	2,100,032	402,436	306,323	223,875	209,109	96,290	5,667,546
<b>FUND BALANCES</b>											
Reserved for:											
Encumbrances	29,991	1,475,422	1,267,253	9,128		4,676		1,919		643	2,789,032
Unreserved	12,295,117	939,105	333,750	572,552	(1,459,257)	3,606,758	974,921	(3,965)	146,140	1,316,882	18,722,003
Total fund balances	12,325,108	2,414,527	1,601,003	581,680	(1,459,257)	3,611,434	974,921	(2,046)	146,140	1,317,525	21,511,035
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>14,206,581</b>	<b>2,514,713</b>	<b>1,760,742</b>	<b>769,763</b>	<b>640,775</b>	<b>4,013,870</b>	<b>1,281,244</b>	<b>221,829</b>	<b>355,249</b>	<b>1,413,815</b>	<b>27,178,581</b>

See accompanying notes to financial statements.



LANCASTER COUNTY, NEBRASKA  
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS -  
MODIFIED CASH BASIS  
JUNE 30, 2005

Amounts reported in the governmental activities in the statement of net assets - modified cash basis are different because:

Total fund balances for the governmental funds	21,511,035
Capital assets are reported at historical cost, net of accumulated depreciation, on the statement of net assets - modified cash basis. Including Internal Service Funds.	89,271,330
Internal service funds are used by the County to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets - modified cash basis. Net of capital assets and long-term debt.	7,719,876
Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(9,140,065)</u>
Total governmental activities net assets in the statement of net assets - modified cash basis	<u>109,362,176</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

	General Fund	Bridge and Special Road Fund	Highway Fund	Grants Fund	Debt Service Fund	Families First Fund	Lancaster Manor Fund	Community Mental Health Fund	Property Management Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES COLLECTED</b>											
Taxes	46,335,429	1,908		167	2,398,569		199	2,054,107	342	1,572,395	52,363,116
Federal receipts				3,532,150							3,532,150
License, fees and rental income	14,325,260	478,280	57,677	12,534,971			15,923,434	1,037,873	2,690,292	1,423,201	48,470,988
Interest on investments	1,088,924	24,895	18,033	8,683						9,519	1,150,054
Intergovernmental	5,413,674		5,183,488	281,644	141,301	9,642,282		4,820,160		139,093	25,621,642
Other receipts	406,788	6,613	16,228	76,154	8,400		28,385	260,544	5,297	1,052,924	1,861,333
Total revenues collected	<u>67,570,075</u>	<u>511,696</u>	<u>5,275,426</u>	<u>16,433,769</u>	<u>2,548,270</u>	<u>9,642,282</u>	<u>15,952,018</u>	<u>8,172,684</u>	<u>2,695,931</u>	<u>4,197,132</u>	<u>132,999,283</u>
<b>EXPENDITURES PAID</b>											
Governmental activities											
General Government	13,074,134			3,282					2,414,976	2,201,861	17,694,253
Intergovernmental transfer				12,487,066							12,487,066
Public Safety - Law Enforcement	23,674,067			152,516							23,826,583
Public Safety - Judicial	15,574,026			2,176,484							17,750,510
Community Development										412,152	412,152
Public Works	3,166,309	4,854,785	5,226,089							439,202	13,686,385
Public Health and Human Services	10,674,838			2,032,733	7,847,809		15,869,869	8,420,936			44,846,185
Culture and Recreation				13,076						1,504,423	1,517,499
Debt service											
Debt service interest					227,914						227,914
Debt service principal					5,820,000						5,820,000
Bond issuance costs	70,156										70,156
Total expenditures paid	<u>66,233,530</u>	<u>4,854,785</u>	<u>5,226,089</u>	<u>16,865,157</u>	<u>6,047,914</u>	<u>7,847,809</u>	<u>15,869,869</u>	<u>8,420,936</u>	<u>2,414,976</u>	<u>4,557,638</u>	<u>138,338,703</u>
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED AND EXPENDITURES PAID</b>	1,336,545	(4,343,089)	49,337	(431,388)	(3,499,644)	1,794,473	82,149	(248,252)	280,955	(360,506)	(5,339,420)
<b>OTHER FINANCING SOURCES (USES)</b>											
Operating transfers in	978,627	4,451,757		518,265				12,500		275,752	6,236,901
Operating transfers out	(5,164,267)			(126,606)		(104,361)				(841,667)	(6,236,901)
Bonds issued	4,640,000										4,640,000
Total other financing sources (uses)	<u>454,360</u>	<u>4,451,757</u>		<u>391,659</u>		<u>(104,361)</u>		<u>12,500</u>		<u>(565,915)</u>	<u>4,640,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,790,905	108,668	49,337	(39,729)	(3,499,644)	1,690,112	82,149	(235,752)	280,955	(926,421)	(699,420)
<b>FUND BALANCES, beginning of year</b>	10,534,203	2,305,859	1,551,666	621,409	2,040,387	1,921,322	892,772	233,706	(134,815)	2,243,945	22,210,454
<b>FUND BALANCES, end of year</b>	<u>12,325,108</u>	<u>2,414,527</u>	<u>1,601,003</u>	<u>581,680</u>	<u>(1,459,257)</u>	<u>3,611,434</u>	<u>974,921</u>	<u>(2,046)</u>	<u>146,140</u>	<u>1,317,524</u>	<u>21,511,034</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED JUNE 30, 2005

Amounts reported in the governmental activities in the statement  
 of activities - modified cash basis are different because:

Total net change in fund balances for the governmental funds.	(699,420)
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Capital outlays are reported as expenditures in the governmental funds report. However, in the statement of activities - modified cash basis, the cost is depreciated. The capital outlay (\$5,720,805) exceed the depreciation (\$3,680,399).	2,040,406
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Payment of bond principal and the principal portion of the capital lease payable is an expenditure in the governmental funds, but the repayment reduces the long-term debt liabilities in the statement of net assets - modified cash basis.	5,820,000
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Payment of capital lease payable (no cash received) is an increase to the long-term debt liabilities in the statements of net assets - modified cash basis.	72,539
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The issuance of long-term debt (bonds) provides current financial resources to governmental funds.	(4,640,000)
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Internal service funds are used by the County to charge the costs of certain activities to individual funds. The activities of the internal service funds are included in the governmental activities in the statement of activities - modified cash basis, net of depreciation expenses which is included above.	<u>2,443,222</u>
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Total governmental activities change in net assets in the statement of activities - modified cash basis.	<u>5,036,747</u>
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See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
JUNE 30, 2005

	Internal Service Funds				
	Workers' Compensation Loss Fund	Professional Liability Insurance Fund	Group Insurance Fund	Lancaster Leasing Corporation	Total Internal Service Funds
ASSETS					
Cash and investments	345,479	276,839	2,768,234	5,485,013	8,875,565
Due from Debt Service Fund		750,000			750,000
Accrued interest receivable				36,672	36,672
Land				500,000	500,000
Other capital assets, net of accumulated depreciation				2,859,121	2,859,121
Debt issuance costs, net of amortization				90,929	90,929
TOTAL ASSETS	<u>345,479</u>	<u>1,026,839</u>	<u>2,768,234</u>	<u>8,971,735</u>	<u>13,112,287</u>
LIABILITIES					
Vouchers payable	8,769				8,769
Accrued interest payable				84,045	84,045
Other liabilities	1,597			91,603	93,200
Long-term liabilities					
Due within one year				505,000	505,000
Due after one year				3,850,000	3,850,000
Claims payable	<u>601,227</u>	<u>114,759</u>			<u>715,986</u>
TOTAL LIABILITIES	<u>611,593</u>	<u>114,759</u>		<u>4,530,648</u>	<u>5,257,000</u>
NET ASSETS					
Invested in capital assets, net of related debt				3,905,270	3,905,270
Unrestricted	(266,114)	912,080	2,768,234		3,414,200
Restricted for debt services				535,817	535,817
TOTAL NET ASSETS	<u>(266,114)</u>	<u>912,080</u>	<u>2,768,234</u>	<u>4,441,087</u>	<u>7,855,287</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2005

	Internal Service Funds				
	Workers' Compensation Loss Fund	Professional Liability Insurance Fund	Group Insurance Fund	Lancaster Leasing Corporation	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	<u>611,372</u>	<u>72,937</u>	<u>6,583,656</u>	<u>191,836</u>	<u>7,459,801</u>
OPERATING EXPENSES					
Employee services	479,915	344,611	3,434,944		4,259,470
Personnel services	75,080				75,080
Claims management	<u>35,826</u>	<u>27,295</u>	<u>575,354</u>		<u>638,475</u>
Total operating expenses	<u>590,821</u>	<u>371,906</u>	<u>4,010,298</u>		<u>4,973,025</u>
OPERATING INCOME (LOSS)	20,551	(298,969)	2,573,358	191,836	2,486,776
NONOPERATING REVENUES (EXPENSES)					
Investment income	7,845	16,438		166,355	190,638
Depreciation				(400,702)	(400,702)
Amortization				(10,103)	(10,103)
Debt service interest				(188,926)	(188,926)
Loss on sale of investments				<u>(35,163)</u>	<u>(35,163)</u>
Total nonoperating revenues (expenses)	<u>7,845</u>	<u>16,438</u>		<u>(468,539)</u>	<u>(444,256)</u>
INCOME (LOSS) BEFORE TRANSFERS	28,396	(282,531)	2,573,358	(276,703)	2,042,520
TRANSFERS IN					
CHANGE IN NET ASSETS	28,396	(282,531)	2,573,358	(276,703)	2,042,520
NET ASSETS, beginning of year	<u>(294,510)</u>	<u>1,194,611</u>	<u>194,876</u>	<u>4,717,790</u>	<u>5,812,767</u>
NET ASSETS, end of year	<u>(266,114)</u>	<u>912,080</u>	<u>2,768,234</u>	<u>4,441,087</u>	<u>7,855,287</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	Internal Service Funds				
	Workers' Compensation Loss Fund	Professional Liability Insurance Fund	Group Insurance Fund	Lancaster Leasing Corporation	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from user charges	611,372	72,937	6,583,656	186,268	7,454,233
Payments for employee indemnity	(423,628)	(229,852)	(575,354)		(1,228,834)
Payments for personnel services	(75,080)				(75,080)
Payments for claims/insurance	(35,826)	(27,295)	(3,434,944)		(3,498,065)
Net cash provided by (used in) operating activities	76,838	(184,210)	2,573,358	186,268	2,652,254
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal and interest payment				(682,485)	(682,485)
Net cash used in capital and related financing activities				(682,485)	(682,485)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales of investments				4,609,202	4,609,202
Purchases of investments				(4,175,000)	(4,175,000)
Interest on investments	7,845	16,437		151,420	175,702
Net cash provided by investing activities	7,845	16,437		585,622	609,904
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	84,683	(167,773)	2,573,358	89,405	2,579,673
CASH AND CASH EQUIVALENTS, beginning of year	260,796	444,612	194,876	717,801	1,618,085
CASH AND CASH EQUIVALENTS, end of year	345,479	276,839	2,768,234	807,206	4,197,758

LANCASTER COUNTY, NEBRASKA  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	Internal Service Funds				
	Workers' Compensation Loss Fund	Professional Liability Insurance Fund	Group Insurance Fund	Lancaster Leasing Corporation	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	20,551	(298,969)	2,573,358	191,836	2,486,776
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Change in assets and liabilities:					
Decrease in prepaid rental receipts				(5,568)	(5,568)
Claims payable	(9,629)				(9,629)
Vouchers payable	5,001				5,001
Other liabilities	(187)				(187)
Total adjustments	(4,815)			(5,568)	(10,383)
Net cash provided by (used in) operating activities	15,736	(298,969)	2,573,358	186,268	2,476,393
RECONCILIATION OF CASH AND INVESTMENTS					
Cash and cash equivalents	345,479	276,839	2,768,234	807,206	4,197,758
Investments				4,677,807	4,677,807
Total cash and investments	345,479	276,839	2,768,234	5,485,013	8,875,565

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2005

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and investments	<u>70,842,967</u>	<u>15,004,702</u>
TOTAL ASSETS	<u>70,842,967</u>	<u>15,004,702</u>
LIABILITIES		
Due to others	<u>                    </u>	<u>15,004,702</u>
TOTAL LIABILITIES	<u>                    </u>	<u>15,004,702</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>70,842,967</u>	<u>                    </u>
TOTAL NET ASSETS	<u>70,842,967</u>	<u>                    </u>

See accompanying notes to financial statements.



LANCASTER COUNTY NEBRASKA  
STATEMENT OF CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	Pension Trust Fund
ADDITIONS	
Member contributions	2,101,693
Employer contributions	3,152,542
Investment earnings	4,651,913
Total additions	<u>9,906,148</u>
DEDUCTIONS	
Benefits	<u>2,771,562</u>
CHANGE IN NET ASSETS	7,134,586
NET ASSETS, beginning of year	<u>63,708,381</u>
NET ASSETS, end of year	<u>70,842,967</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Lancaster County, Nebraska (the County).

A. ORGANIZATION

The County is a governmental entity established under and governed by the laws of the State of Nebraska. As a political subdivision of the State, the County is exempt from state and federal income taxes.

B. REPORTING ENTITY

The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of the organization's governing body and the ability of the County to impose its will on that organization to provide specific financial benefits to, or impose specific financial burdens on the County. As required by accounting principles generally accepted in the United States of America, these financial statements present the County (the primary government) and its component unit. The component unit is included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component unit that issues separate financial statements as noted below can be obtained from their respective administrative office. The associated entity over which the County is considered to be financially accountable is included in the County's financial statements and is described below.

C. BLENDED COMPONENT UNIT

The component unit is a legally separate entity from the County, but is so intertwined with the County that it is, in substance, the same as the County. It is reported as a part of the County's Proprietary Fund as an internal service fund.

The Lancaster County Leasing Corporation (the Corporation) is a nonprofit corporation that exists for the purpose of issuing bonds for the acquisition or construction of facilities which are in turn leased to the County. Lease payments by the County correspond to principal and interest requirements on the bonds. Separate audited financial statements of the Corporation are available at the County Clerk's Office, County/City Building, 555 South 10th Street, Lincoln, Nebraska 68508.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. JOINT VENTURES

The County has entered into two (2) multi-governmental arrangements creating two (2) entities that are governed by the representatives from each of the participating governments. These entities are considered to be joint ventures. The County does not have an ongoing financial interest (equity interest); therefore, these joint ventures are not included in the financial statements of the County.

Lincoln-Lancaster County Public Building Commission

In 1990, the City of Lincoln, Nebraska (City) and the County of Lancaster, pursuant to state statute, activated a separate governmental entity denominated as the Lincoln-Lancaster County Public Building Commission (Commission). The purpose of this joint venture is to design, acquire, construct, maintain, operate, improve, remodel, remove and reconstruct, so long as its corporate existence continues, public buildings, structures, or facilities for use jointly by the City and the County. The City and the County each appoint two members to the five-member Commission, with the fifth member being appointed by the other four members. All property held or acquired by the Commission is held or acquired in the name of the City and the County for use by the Commission in its corporate capacity. The Commission's costs of operation and debt service are funded through rental payments made by the City and the County based upon their proportionate occupancy of such buildings to the extent not covered by a maximum property tax levy of 1.7 cents for each \$100 of actual valuation of taxable property in the County. For the year ended June 30, 2005, the County made rental payments of \$956,621 to the Commission.

As of June 30, 2005, the Commission has bonds outstanding of \$49,345,000 attributable to several bond issues. Proceeds from the bonds have been utilized by the Commission to acquire, construct, and/or renovate certain buildings occupied by the City and County. The County's proportionate share of such buildings is recorded as capital assets net of the related debt balance. Lease payments are not recorded as capital lease payments in the Debt Service Funds but rather are recorded as current expenditures in the various individual funds.

Complete separate financial statements for the Commission may be obtained at the Lincoln-Lancaster County Public Building Commission, 920 "O" Street, Room 203, Lincoln, Nebraska 68508.

Lancaster County Fairgrounds Joint Public Agency

The Lancaster County Fairgrounds Joint Public Agency (the Agency) was established to acquire land and construct capital improvements thereon for the establishment and expansion of the Lancaster County Fairgrounds. The Agency is not accumulating significant financial resources and is not experiencing fiscal stress that could cause an additional

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. JOINT VENTURES (Continued)

Lancaster County Fairgrounds Joint Public Agency (Continued)

financial benefit or burden in the County. The Board shall consist of five representatives, of whom the Society shall appoint three and the County shall appoint two. Complete audited financial statements for the Agency can be obtained from the Lancaster County Agricultural Society, 4100 North 84th Street, Lincoln, Nebraska 68508.

E. BASIS OF PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The County did not have any activities that met the definition of a business-type activity. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements as applicable.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the govern-

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

mental and proprietary categories. The County does not presently have any funds that would meet the definition of a proprietary activity. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for proceeds of the specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County. The reporting entity includes the following special revenue funds, the first seven funds either met the criteria or were chosen to be reported as major funds and the remaining are to be reported as nonmajor funds:

<u>Fund</u>	<u>Brief Description</u>
Bridge and Special Road Fund	The Bridge and Special Road Fund accounts for local funds allocated for the construction of roads and bridges.
Highway Fund	The Highway Fund accounts for the receipt and expenditure of the State Highway Trust funds received from the State of Nebraska and used for the maintenance of roads and bridges.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

<u>Fund</u>	<u>Brief Description</u>
Grants Fund	The Grants Fund receives and accounts for the expenditure of federal, state and private grants not reported in the operations of specific agencies.
Families First Fund	Accounts for a federal grant, "Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances" and for a state contract for wrap around services for state wards.
Lancaster Manor Fund	The Lancaster Manor Fund is the operating fund for the County Long-Term Care Program funded largely with Medicaid dollars.
Community Mental Health Fund	The Community Mental Health Fund is the operating fund for providing community based mental health services funded with state and federal dollars through Region V and local tax dollars.
Property Management Fund	The Property Management Fund pays the wages and benefits of Public Building Commission employees. The Public Building Commission reimburses the County for wages and benefits paid.
Weed Control, County Property Management, Building Maintenance, Visitor's Promotion, Rural Library, Veterans Aid, Keno, Economic Development Rural Enterprise	These funds account for revenues and expenditures as stated in the fund name.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

Debt Service Fund - The Debt Service Fund is used to record receipts and expenditures for bond principal and interest payments. The General Fund is used to make interest and bond retirement payments if the Debt Service Fund is not sufficient to meet these requirements.

Proprietary Funds

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governmental units on a cost-reimbursement basis.

Fiduciary Fund Types

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity for other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The County prepared its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Governmental Activities, Governmental, Proprietary and Fiduciary Fund Types

The County recognizes revenue when received and expenditures when paid, with the exception of vouchers payable, other liabilities (payroll withholdings), claims payable and commitments such as salaries owed, which are recorded as expenditures. The governmental fund types do not include accounts receivable, prepaid items or accrued compensated absences.

In reporting the financial activity of its proprietary funds, the County applies all applicable FASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Fiduciary Fund Type

Trust and Agency funds are used to account for assets held by the County in a trustee capacity or an agent for individuals, private organizations, other governments and/or other funds. These include the Pension Trust and the Agency Funds.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

G. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are defined as short-term investments, which are carried at cost and have an original maturity when purchased of less than 90 days.

H. INVESTMENTS

Investments are stated at cost, except for investments in the Pension Trust Fund (annuities, insurance contracts and mutual funds) which are carried at fair value.

I. CAPITAL ASSETS

Capital assets are those assets which have been acquired for general government purposes. Upon acquisition, such assets are recorded as expenditures in the appropriate governmental fund type and capitalized at estimated fair value for buildings, historical cost or replacement cost if actual cost is not available for equipment, or, in the case of contributed assets, at estimated fair value at the time of the contribution to the County. The County's capitalization threshold for equipment, buildings, and infrastructure is \$5,000. Infrastructure assets include roads, bridges, and culverts. Depreciation is calculated using the straight-line method with a modified full month conversion. The estimated useful life ranges from 5 to 50 years.



LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COMPENSATED ABSENCE

It is the County's policy to permit employees to earn annual vacation and sick leave at various rates during their periods of employment. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum carry over of 240 hours. Employees do not receive payment of unused sick leave upon termination of employment except for retirement, death or if the employee has 15 years of service and has in excess of 1,000 hours of extended sick leave. Accrued vacation is expected to be used within one year.

K. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budgetary data reflected in the supplemental information in accordance with the statutory requirements of the Nebraska Budget Act:

On or before August 1, the County Board of Commissioners prepares and transmits a budget for each County fund showing the projected requirements, outstanding warrants, operating reserve, cash on hand at the close of the preceding fiscal year, projected revenue collected from sources other than property tax and amount to be raised by property taxation. The budget is prepared on the cash receipts and disbursements basis of accounting. Encumbrances are also reflected as expenditures for budgetary purposes.

At least one public hearing must be held by the County Board.

On or before September 20, the County Board of Commissioners, after the action of the State Board of Equalization and Assessment has been certified to the County Clerk, the budget, as revised, is adopted and the amounts provided therein are appropriated.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held.

L. PROPERTY TAXES

Based on the valuation as of January 1, property taxes are levied by the County Board on or before November 1 of each year for all political subdivisions in the County. Real estate and personal property taxes are due December 31 of the year in which the property is appraised. One-half of the taxes become delinquent April 1 and August 1 of the following year.

The County collects its own property taxes and those of certain other taxing entities. Collections of the taxes for others, pending distribution, are accounted for in agency funds.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. PROPERTY TAXES (Continued)

Counties are permitted by the State Constitution to levy a tax up to \$0.50 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. They may levy taxes in addition to the \$0.50 limitation upon a vote of the people. The tax levy remained below the \$0.50 limitation for 2005.

Also, \$0.05 of the \$0.50 limit may only be levied to provide services offered jointly with another government under an interlocal agreement. The County may share \$0.15 of its levy authority with rural fire districts and other political subdivision no longer having any levy authority.

Additionally, the legislature, as part of a property tax relief package, prohibited counties from adopting a budget containing "restricted funds" which are greater than 2.5% of the prior year budgeted restricted funds, plus the percentage change in valuation increase attributable to new construction and additions to buildings in excess of 2.5%. Restricted funds include property taxes, payments in-lieu-of taxes, and state aid less amounts budgeted for capital improvements and bonded indebtedness.

M. INTERFUND TRANSACTIONS

Following is a description of the types of interfund transactions made during the year and the related accounting policies:

Transactions for Services Rendered or Facilities Provided (Quasi-External Transactions)

These transactions are recorded as revenue collected in the receiving fund and expenditures paid in the disbursing fund. These transactions have been eliminated from the government-wide financial statements.

Transactions to Reimburse a Fund for Expenditures Paid by it for a Specific Identifiable Cost Applicable to the Reimbursing Fund

These transactions are recorded as expenditures paid in the disbursing fund and as expenditure reimbursements in the receiving fund. These transactions have been eliminated from the government-wide financial statements.

Operating Transfers

These transactions include all other transactions not classified as quasi-external transactions or reimbursements. The transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS

In 2005, the County adopted the provisions of GASB Statement 40, Deposit and Investment Risk Disclosure. This new standard revised the existing requirements regarding disclosure of custodial credit risk and establishes requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Adoption of GASB 40 had no effect on net assets and change in net assets in the prior or current year.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The County's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The Public Funds Deposit Security Act, State Statute Sections 77-2386 to 77-23,106, require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the County Treasurer in the amount of the County's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC).

The County has pooled the cash resources of the various funds for investment purposes. Each fund's portion of total cash and investments is summarized by fund type on the combined statement of assets and other debits, liabilities, fund equity and other credits - all fund types and account groups. Interest earned on pooled funds, except for interest earned on the pension trust, is credited to the County General Fund in accordance with Nebraska State Statute Section 77-2315, R.R.S. 1943.

At June 30, 2005, the County's cash deposits or certificates of deposit, in excess of the \$100,000 FDIC limits, are covered by collateral held in a Federal Reserve pledge account or by an agent for the County and thus no custodial risk exists.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investment securities that are in the possession of an outside party. None of the underlying securities for the County's investments at June 30, 2005 are subject to custodial credit risk, as they are held in an account in the County's name, and by an agent who is not the counterparty to the investment transactions.

Nebraska State Statute Section 77-2315 authorizes the County Treasurer with the consent of the County Board to invest in United States Government bonds, bonds and debentures issued either singly or collectively by any of the twelve federal land banks, the twelve intermediate credit banks or the thirteen banks for cooperatives under the supervision of the Farm Credit Administration, United States Treasury notes, bills or certificates of indebtedness maturing within two years from the date of purchase or in certificates of deposit.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2005, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Sponsored Agencies	11,998,864	0.94
Money Markets	8,831,725	
External Investments (NPAIT)	<u>622,250</u>	0.158
Total fair value	<u>21,452,839</u>	
Portfolio Weighted Average Maturity		<u>0.53</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with State law and its investment policy, the County manages its exposure to declines in fair values by changes in interest rates by limiting all investments to maturities of two years or less. The current weighted average maturity of the County's investment portfolio is less than seven months.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy addresses credit risk by requiring ownership in federal securities for all investments greater than the \$100,000 FDIC insured amount. The external investment funds are comprised of Nebraska Public Agency Trust (NPAIT) and Short-Term Federal Investment Trust (STFIT). NPAIT and STFIT invest in only the highest quality securities, including U.S. Government, rates U.S. sponsored agencies, and guaranteed student loans.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy places no limits on the amount the County may invest in any one user. Concentration of risk is not an issue since all investments are covered by issuer's assets held in the name of Lancaster County.

Investments in Employees' Retirement System

Investments in the employees' retirement system are carried at fair value. At June 30, 2005, the balances of investments in the employees' retirement system were \$70,842,967. The investments consist of mutual funds and similar pooled arrangements and, therefore, are not categorized as to credit risk.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEASES

Capital Leases

The County has entered into several lease agreements for equipment and vehicle purchases with unrelated parties at interest rates ranging from 3.15% to 3.65%. Assets under capital leases totaled \$329,469.

The following is a schedule of future minimum lease payments, which will be paid by the General Fund, under capital leases, together with the net present value of the minimum lease payments as of June 30, 2005.

Year Ending <u>June 30,</u>	
2006	69,282
2007	46,770
2008	24,257
2009	<u>12,129</u>
Total minimum lease payments	152,438
Less amounting representing interest	<u>(7,373)</u>
Present value of minimum lease payments	<u>145,065</u>

Operating Leases

The County has an operating lease for space at the minimum security corrections facility with unrelated parties. Future minimum lease payments due under this operating lease as of June 30, 2005 are as follows:

Year Ending <u>June 30,</u>	
2006	63,755
2007	69,552
2008	69,552
2009	69,552
2010	69,552
2011 - 2015	376,131
2016	<u>70,125</u>
	<u>788,219</u>

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEASES (Continued)

Operating Leases (Continued)

Rent expense for these operating leases for the year ended June 30, 2005 was \$63,228. Community Mental Health Center (a special revenue fund of the County) maintains month-to-month operating leases for various apartments used to house the mentally ill, as well as office space used for operations. Lease expenditures paid were approximately \$279,281 for the year ended June 30, 2005.

NOTE 4. LONG-TERM DEBT

The following is a list of outstanding general and tax-supported bonds by issue date:

<u>Issue Date</u>	<u>Scheduled Retirement Date</u>	<u>Date Callable</u>	<u>Interest Rate Range</u>	<u>Amount Originally Issued</u>	<u>Outstanding at June 30, 2005</u>
10-30-98	7-15-12	10-30-03	3.25 - 4.50	7,415,000	4,355,000
06-30-04	11-01-14		1.65 - 4.00	<u>4,640,000</u>	<u>4,640,000</u>
				<u>12,055,000</u>	<u>8,995,000</u>

The annual requirements to pay principal and interest on outstanding general and tax-supported bonds are shown below:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	1,035,000	313,485	1,348,485
2007	1,110,000	282,457	1,392,457
2008	1,135,000	247,008	1,382,008
2009	1,180,000	207,670	1,387,670
2010	1,205,000	164,752	1,369,752
2011 - 2014	<u>3,330,000</u>	<u>281,159</u>	<u>3,611,159</u>
	<u>8,995,000</u>	<u>1,496,531</u>	<u>10,491,531</u>

The changes in long-term debt are shown below:

	<u>June 30, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2005</u>
General obligation bonds	10,660,000	4,640,000	6,305,000	8,995,000
Capital leases payable				
(Note 3)	<u>162,179</u>	<u>48,645</u>	<u>65,759</u>	<u>145,065</u>
	<u>10,822,179</u>	<u>4,688,645</u>	<u>6,370,759</u>	<u>9,140,065</u>

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

The following is a summary of the changes in capital assets as of June 30, 2005:

Fixed Assets

	June 30, <u>2004</u>	<u>Additions</u>	<u>Deletions</u>	June 30, <u>2005</u>
Land	6,109,382	282,181	61,385	6,330,178
Land improvements	1,610,527	5,150		1,615,677
Building	52,210,089	3,256,263	125,000	55,341,352
Machinery and equipment	6,203,012	379,983	101,785	6,481,210
Licensed vehicles	8,785,165	377,707	231,473	8,931,399
Construction in progress	321,556	943,368	321,556	943,368
Infrastructure	<u>53,853,330</u>	<u>2,165,630</u>	<u>210,663</u>	<u>55,808,297</u>
	<u>129,093,061</u>	<u>7,410,282</u>	<u>1,051,862</u>	<u>135,451,481</u>

Accumulated Depreciation

Land improvements	644,467	75,492		719,959
Building	13,817,322	1,425,738	43,750	15,199,310
Machinery and equipment	3,287,379	402,258	84,487	3,605,150
Licensed vehicles	6,508,422	599,607	218,035	6,889,994
Infrastructure	<u>18,761,307</u>	<u>1,177,254</u>	<u>172,823</u>	<u>19,765,738</u>
	<u>43,018,897</u>	<u>3,680,349</u>	<u>519,095</u>	<u>46,180,151</u>

Property, plant and equipment, net of accumulated depreciation	<u>86,074,164</u>			<u>89,271,330</u>
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NOTE 6. EMPLOYEES' RETIREMENT SYSTEM

The County board has adopted the provisions of Section 23-1118, R.R.S. 1943, a Nebraska State Statute, which provides any county have a population of more than 100,000 inhabitants, the authority to provide retirement benefits to its employees and to establish a fully funded, single-employer, defined contribution retirement plan, the Lancaster County Nebraska Employees' Retirement Plan (the Plan).

The Plan automatically covers substantially all regular employees who have attained age 25 and completed one year of continuous service. Upon attaining age 21 and after completing six months of continuous service, employees may voluntarily enter the Plan. The employee has the choice of whether or not to participate in the Plan if the employee has attained the age 55 prior to the date of employment. The County is required to contribute 150% of each participant's mandatory contribution. The participant's mandatory contribution is 5.2% of the participant's salary. The combined contributions cannot exceed 13 percent of earned income.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. EMPLOYEES' RETIREMENT SYSTEM (Continued)

Several different payment options, based upon the full accumulated value of participant contributions and the vested portion of employer contributions, are available to the participant upon death, disability, normal retirement at age 60, or early retirement at age 55 with ten consecutive years of participation in the Plan.

The employee and employer contributions are maintained in separate accounts. The employee account is always fully vested. The employer account vests at 20 percent per year for years three through seven in the Plan. For the year ended June 30, 2005, employees contributed \$2,101,693 and the County contributed \$3,152,542 to the Plan.

NOTE 7. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees, and natural disasters. These risks of loss are covered by various commercial insurance policies (with various deductibles) with the exception of workers' compensation and general liability. The County has established Workers' Compensation Loss and Self-Insurance Funds (internal service funds) to account for and finance a portion of its uninsured risks of loss. The County is self-insured up to \$600,000 per occurrence for workers' compensation risks and up to \$250,000 per occurrence for general liability risks. The self-insurance programs are administered by the Workers' Compensation and Risk Management Manager. Settled claims have not exceeded commercial coverage in any of the last three years. Commercial insurance covers the excess of the self-insured amount to a maximum of \$2,000,000 for employers' liability and statutory limits for workers' compensation and \$5,000,000 for general liability.

The County utilizes the services of an actuary to prepare an analysis of the self-insured workers' compensation and general liability risks. The analysis is used to assist the County with its financial planning, budgeting and management of the self-insurance programs. The programs are funded on a cash basis with annual premiums charged to all governmental fund types, except Lancaster Manor Fund, based on past experience of incurred losses and remitted to the Workers' Compensation Loss and Self-Insurance Internal Service Funds.

The estimated liability for claims of \$601,227 reported in the Workers' Compensation Loss Fund and \$114,799 in the General Liability Self-Insurance Fund at June 30, 2005 are based on the requirements of GASB Statement No. 10. This statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County has not purchased annuity contracts from commercial insurers to satisfy certain liabilities under workers' compensation



LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. RISK MANAGEMENT (Continued)

or general liability claims. The change in the estimated liability for claims is as follows for the year ended June 30, 2005:

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Beginning balance	- 0 -	540,126	540,126
Current year claims and changes in estimates	130,299	389,228	519,527
Claims payment	<u>(15,500)</u>	<u>(328,127)</u>	<u>(343,627)</u>
Ending balance	<u>114,799</u>	<u>601,227</u>	<u>716,026</u>

NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES

Federal Financial Assistance

The County participates in a number of federally assisted grant programs. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would be immaterial to the accompanying combined financial statements.

Other

Several claims were filed against the County relating to several wrongful death suits, injuries, and medical expenses. In management's opinion, it is premature at this time to determine the likelihood of an unfavorable outcome or the range of potential loss of these claims.

The Lancaster Manor (a special revenue fund of the County) is not part of the Risk Management Workers' Compensation Fund and pays its claims on a cash basis; thus, no liability has been recorded in the combined statement of assets and other debits, liabilities, fund equity and other credits in the special revenue fund. The amount estimated by the County for Lancaster Manor for pending or threatened litigation for which an unfavorable outcome is reasonably possible is approximately \$312,741. The County has not set aside funds to cover this estimated liability and will pay when and if the claims come due.

NOTE 9. POSTEMPLOYMENT BENEFITS

The postemployment health program was established in September 1998 to enable Lancaster County to set aside monies for employees, based upon employee group, to use for qualified medical expenses after termination. The money is paid to an account in the employee's name on a "pay as you go" basis. The employee accounts are administered by Nationwide Investment Corporation.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. POSTEMPLOYMENT BENEFITS (Continued)

After six months of employment with the County, employees in four of the six employee groups are automatically enrolled in the program at no cost to the employee. The qualification for this program is listed under the Internal Revenue Code 501(c)(9). All contributions and expenditures are outlined in the Trust Agreement and Participation Agreement and may change from time to time to comply with the changes in the Trust Agreement or Tax Code.

The total cost for the postemployment health program for fiscal year 2005 was \$635,460.

NOTE 10. CONDUIT DEBT

Hospital Authority No. 1 - Bryan LGH

Lancaster County has issued Revenue Refinancing Bonds for \$35,750,000 to refinance the Series 1988 bonds. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$19,825,000.

Hospital Authority No. 1 - Lincoln Medical Education Foundation, Inc.

Lancaster County has issued Industrial Development Revenue Bonds for \$4,250,000 to finance a portion of the costs of the acquisition, construction, equipping and installing health care and related facilities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$1,870,000.

Hospital Authority No. 1 - Lincoln/Lancaster Drug Projects

Lancaster County has issued Industrial Development Revenue Bonds for \$1,515,000 to acquire and renovate a facility to be occupied by Centerpointe, a substance abuse center. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$1,325,000.

Hospital Authority No. 1 - Bryan LGH

Lancaster County has issued Industrial Development Revenue Bonds for \$33,980,000 to pay for the cost of constructing, acquiring, equipping and furnishing certain capital improvements to the hospital's facilities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$25,735,000.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority No. 1 - Dialysis Center

Lancaster County has issued Industrial Development Revenue Bonds for \$950,000 to provide for payment of principal and interest on the 1996 bonds and to pay a portion of the costs of acquiring equipment and furnishing for a 12 station hemodialysis facility located at 4911 North 26th Street, Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$575,000.

Hospital Authority No. 1 - Eastmont Towers Project (Series 2004)

Lancaster County has issued Industrial Development Revenue and Refunding Bonds not to exceed \$4,255,000 to refund the Series 1999 Revenue Bonds (Eastmont Towers Project) both the project and facilities located at 6315 "O" Street, Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$4,255,000.

Hospital Authority No. 1 - Immanuel Retirement Communities (Series 2000A)

Lancaster County has issued Variable Rate Health Facility Revenue Bonds for \$37,000,000 to finance the cost of purchasing, constructing, acquiring and improving a health care and residential facility for the elderly owned by Immanuel Retirement Communities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$34,310,000.

Hospital Authority - Bryan LGH (Series 2001A)

Lancaster County has issued Hospital Revenue Bonds for \$78,380,000 to be used for the Bryan LGH Medical Center Project. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$77,665,000.

Lincoln Machine, Inc. (Series 2001)

Lancaster County has issued Industrial Development Revenue Term Bonds for \$34,000,000 to be used to finance a portion of the costs to acquire, construct and equip a manufacturing facility for the use of L and R Properties Limited Partnership and Lincoln Machine, Inc. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$2,105,000.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority - Development Services of Nebraska (Series 2001)

Lancaster County has issued Industrial Development Revenue Bonds for \$1,400,000 to finance health care facilities to be located at 8125 Joshua Drive, 1720 Timber Ridge Road and 5001 North 57th Street. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$1,137,497.

Hospital Authority No. 1 - Community Blood Bank/Lancaster County Medical Society (Series 2001)

Lancaster County has issued Revenue Bonds for 2,500,000 for the Community Blood Bank of Lancaster County Medical Society Project, the medical services facilities to be located at 100 North 84th Street. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$1,590,000.

Tabitha, Inc. (Series 2001)

Lancaster County has issued Industrial Development Revenue Bonds for \$1,389,000 to be used for the acquisition, construction and equipping of improvements and additions to health care facilities owned and operated by Tabitha, Inc. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$1,068,793.

Plastic Companies Enterprises Inc. (Series 2002)

Lancaster County has issued Industrial Development Revenue Bonds not to exceed \$1,300,000 to defray all or a portion of the cost of acquiring and installing certain equipment for the molding of plastics and related necessary and appropriate equipment and facilities located in Lancaster County, Nebraska and to operated by Plastic Companies Enterprises, Inc., a Texas corporation and its wholly-owned subsidiaries, Geist Manufacturing Corp. and Heinke Technology, Inc. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$856,349.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority No. 1 - Tabitha, Inc. Project (Series 2003)

Lancaster County has issued Industrial Development Revenue Bonds, not to exceed \$4,000,000, to acquire, construct and equip improvements and additions to health care facilities owned and operated by Tabitha, Inc. for facilities located at 4720 Randolph Street in Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$3,051,021.

Hospital Authority No. 1 - Madonna Rehabilitation Project (Series 2003 A, B & C)

Lancaster County has issued Industrial Development Revenue and Refunding Bonds, not to exceed \$10,000,000, for the purpose of providing financing for the acquisition and installation of equipment and related remodeling for use by Madonna at its rehabilitation facilities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$7,925,000.

Hospital Authority No. 1 - Bryan LGH Medical Center Project (Series 2002)

Lancaster County has issued Industrial Development Revenue Bonds not to exceed \$45,000,000 for the benefit of Bryan LGH Medical Center, the general functional description of the type and use of the project being the acquisition and installation of equipment and related remodeling for use by Bryan LGH at its acute care hospital facilities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$39,340,000.

Hospital Authority No. 1 - Grand Lodge Project (Series 2003)

Lancaster County has issued Industrial Development Revenue Bonds for \$9,700,000 for the Grand Lodge Project, Grand Lodge Retirement Community, Inc., an ancillary care facility. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$9,586,570.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority No. 1 - Bryan LGH (Series 1996)

Lancaster County has issued Industrial Development Revenue Bonds for \$34,725,000 to finance a portion of the acquisition expenses by Bryan LGH of certain assets of Lincoln General Hospital, to pay for routine capital expenditures of Lincoln General Hospital, to pay the premium on the bond insurance policy and to pay certain costs incurred in connection with the issuance of the 1997B bonds. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$34,725,000.

Lincoln Action Program (Series 1999)

Lancaster County has issued Industrial Development Revenue Bonds for \$2,500,000 to finance the construction of the new facility for lease to the Lincoln Action Program. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$2,315,000.

Goodwill Industries (Series 1999)

Lancaster County has issued Industrial Development Revenue Bonds for \$500,000 to acquire and construct an industrial warehouse facility and remodel office space and related improvements. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$345,938.

Garner Industries (Series 2000 A and B)

Lancaster County has issued Industrial Development Revenue Bonds for \$6,500,000 for the acquisition, construction, installation and completion of land and depreciable property for a manufacturing project for Garner Industries, Inc. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$5,485,000.

Hospital Authority No. 1 - Child Guidance Project (Series 2003)

Lancaster County has issued Industrial Development Revenue and Refunding Bonds not to exceed \$1,300,000 for the purpose of providing financing for the Lincoln/Lancaster County Child Guidance Center, Inc. Project. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$931,912.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority No. 1 - Cornhusker Place Project (Series 2003)

Lancaster County has issued Industrial Development Revenue and Refunding Bonds not to exceed \$2,200,000 to refinance existing debt and to make improvements to the facility located at 721 "K" Street, Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$1,507,179.

Hospital Authority No. 1 - CenterPointe Project (Series 2004)

Lancaster County has issued Industrial Development Revenue and Refunding Bonds not to exceed \$2,300,000 to finance the cost of acquiring certain real property and paying the costs of construction, installation, equipping and furnishing a building on such real property for the CenterPointe project. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$2,300,000.

Hospital Authority No. 1 - Madonna Rehabilitation Project (Series 2004)

Lancaster County has issued Industrial Development Revenue and Refunding bonds not to exceed \$9,000,000 to finance the acquisition, construction, equipping and furnishing of a clinically integrated health center facility between 53rd and 54th and Pine Lake Road in Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$8,779,883.

Hospital Authority No. 1 - Cornhusker Place (Series 2005)

Lancaster County has issued Industrial Development Revenue and Refunding bonds not to exceed \$450,000 to finance the extension of the bonds issued to refinance existing debt and to make improvements to the facility located at 721 "K" Street, Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, the aggregate principal amount payable was \$406,100.

LANCASTER COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 11. SUBSEQUENT EVENT

On July 1, 2005, Lancaster County Commissioners entered into a Lease-Purchase Agreement with the Nebraska Association of County Officials with a termination date of July 1, 2012. The Lease-Purchase Agreement was for the purchase of an Emergency Management Mobile Command Post with delivery in February 2006. The principal amount of the lease is \$100,550, with the interest rate of 3.4%. Total principal and interest over the life of the Lease-Purchase Agreement is \$113,838.



## REQUIRED SUPPLEMENTAL INFORMATION

LANCASTER COUNTY, NEBRASKA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Amounts)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	45,074,834	45,074,834	46,335,429	1,260,595
License, fees and rental income	12,754,267	12,754,267	14,325,260	1,570,993
Interest on investments	800,650	800,650	1,039,007	238,357
Intergovernmental	4,264,118	4,264,118	5,413,674	1,149,556
Other receipts	235,660	235,660	406,788	171,128
Total receipts	<u>63,129,529</u>	<u>63,129,529</u>	<u>67,520,158</u>	<u>4,390,629</u>
DISBURSEMENTS				
Governmental activities				
General Government	13,083,014	13,083,014	11,866,131	1,216,883
Public Safety - Law Enforcement	23,229,188	23,229,188	22,837,640	391,548
Public Safety - Judicial	15,744,170	15,744,170	15,574,026	170,144
Public Works	3,198,860	3,198,860	3,166,309	32,551
Public Health & Human Services	9,888,744	9,888,744	9,522,225	366,519
Total disbursements	<u>65,143,976</u>	<u>65,143,976</u>	<u>62,966,331</u>	<u>2,177,645</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,014,447)</u>	<u>(2,014,447)</u>	<u>4,553,827</u>	<u>6,568,274</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,062,000	1,062,000	978,627	(83,373)
Operating transfers out	<u>(5,188,447)</u>	<u>(5,188,447)</u>	<u>(5,164,267)</u>	<u>24,180</u>
Total other financing sources (uses)	<u>(4,126,447)</u>	<u>(4,126,447)</u>	<u>(4,185,640)</u>	<u>(59,193)</u>
NET CHANGE IN FUND BALANCE	<u>(6,140,894)</u>	<u>(6,140,894)</u>	<u>368,187</u>	<u>6,509,081</u>
ENCUMBRANCE CREDIT LAPSE			132,485	
FUND BALANCE, beginning of year	<u>10,030,894</u>	<u>10,030,894</u>	<u>10,030,894</u>	
FUND BALANCE, end of year	<u>3,890,000</u>	<u>3,890,000</u>	<u>10,531,566</u>	<u>6,641,566</u>

LANCASTER COUNTY, NEBRASKA  
BUDGETARY COMPARISON SCHEDULE  
BRIDGE AND SPECIAL ROAD FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Amounts)	Variance with Final Budget Positive Negative
	Original	Final		
RECEIPTS				
Taxes			1,908	1,908
License, fees and rental income	810,000	810,000	478,280	(331,720)
Interest on investments	50,000	50,000	24,895	(25,105)
Intergovernmental				
Other receipts	15,000	15,000	6,613	(8,387)
Total receipts	875,000	875,000	511,696	(363,304)
DISBURSEMENTS				
Governmental activities				
Public Works	5,895,413	5,895,413	5,313,129	582,284
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(5,020,413)	(5,020,413)	(4,801,433)	218,980
OTHER FINANCING SOURCES (USES)				
Operating transfers in	4,424,377	4,424,377	4,451,757	27,380
NET CHANGE IN FUND BALANCE	(596,036)	(596,036)	(349,676)	246,360
ENCUMBRANCE CREDIT LAPSE			392,745	
FUND BALANCE, beginning of year	896,036	896,036	896,036	
FUND BALANCE, end of year	300,000	300,000	939,105	639,105

LANCASTER COUNTY, NEBRASKA  
BUDGETARY COMPARISON SCHEDULE  
HIGHWAY FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Amounts)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
License, fees and rental income	25,000	25,000	57,677	32,677
Interest on investments	35,000	35,000	18,033	(16,967)
Intergovernmental	5,255,625	5,255,625	5,183,488	(72,137)
Other receipts	15,000	15,000	16,228	1,228
Total receipts	<u>5,330,625</u>	<u>5,330,625</u>	<u>5,275,426</u>	<u>(55,199)</u>
DISBURSEMENTS				
Governmental activities				
Public Works	<u>5,490,474</u>	<u>5,490,474</u>	<u>5,304,012</u>	<u>186,462</u>
NET CHANGE IN FUND BALANCE	(159,849)	(159,849)	(28,586)	131,263
ENCUMBRANCE CREDIT LAPSE			2,487	
FUND BALANCE, beginning of year	<u>359,849</u>	<u>359,849</u>	<u>359,849</u>	<u>          </u>
FUND BALANCE, end of year	<u>200,000</u>	<u>200,000</u>	<u>333,750</u>	<u>133,750</u>

LANCASTER COUNTY, NEBRASKA  
BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Amounts)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	50,000	50,000	167	(49,833)
License, fees and rental income	6,000	6,000	45,406	39,406
Interest on investments			8,683	8,683
Intergovernmental	19,567,662	19,567,662	16,303,359	(3,264,303)
Other receipts	50,000	50,000	76,154	26,154
Total receipts	<u>19,673,662</u>	<u>19,673,662</u>	<u>16,433,769</u>	<u>(3,239,893)</u>
DISBURSEMENTS				
Governmental activities				
General Government	40,000	40,000	3,282	36,718
Intergovernmental transfer	14,975,582	14,975,582	12,487,066	2,488,516
Public Safety - Law Enforcement	206,342	206,342	152,516	53,826
Public Safety - Judicial	2,742,231	2,742,231	1,895,821	846,410
Public Health and Human Services	2,439,396	2,439,396	2,063,025	376,371
Culture and Recreation			13,076	(13,076)
Total disbursements	<u>20,403,551</u>	<u>20,403,551</u>	<u>16,614,786</u>	<u>3,788,765</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(729,889)</u>	<u>(729,889)</u>	<u>(181,017)</u>	<u>(3,203,175)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	543,143	543,143	518,265	(24,878)
Operating transfers out	<u>(154,000)</u>	<u>(154,000)</u>	<u>(126,606)</u>	<u>27,394</u>
Total other financing sources (uses)	<u>389,143</u>	<u>389,143</u>	<u>391,659</u>	<u>2,516</u>
NET CHANGE IN FUND BALANCE	(340,746)	(340,746)	210,642	(3,200,659)
ENCUMBRANCE CREDIT LAPSE			21,164	
FUND BALANCE, beginning of year	<u>340,746</u>	<u>340,746</u>	<u>340,746</u>	
FUND BALANCE, end of year			<u>572,552</u>	<u>572,552</u>

LANCASTER COUNTY, NEBRASKA  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Amounts)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	2,643,756	2,643,756	2,398,569	(245,187)
Intergovernmental	81,000	81,000	141,301	60,301
Other receipts	10,427	10,427	8,400	(2,027)
Total receipts	<u>2,735,183</u>	<u>2,735,183</u>	<u>2,548,270</u>	<u>(186,913)</u>
DISBURSEMENTS				
Debt service				
Interest		343,322	227,914	(115,408)
Principal	<u>4,803,322</u>	<u>5,820,000</u>	<u>5,820,000</u>	
Total disbursements	<u>4,803,322</u>	<u>6,163,322</u>	<u>6,047,914</u>	<u>(115,408)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,068,139)	(3,428,139)	(3,499,644)	(71,505)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>27,752</u>	<u>27,752</u>		<u>(27,752)</u>
NET CHANGE IN FUND BALANCE	(2,040,387)	(3,400,387)	(3,499,644)	(99,257)
FUND BALANCE, beginning of year	<u>2,040,387</u>	<u>2,040,387</u>	<u>2,040,387</u>	
FUND BALANCE, end of year		<u>(1,360,000)</u>	<u>(1,459,257)</u>	<u>(99,257)</u>

LANCASTER COUNTY, NEBRASKA  
BUDGETARY COMPARISON SCHEDULE  
FAMILIES FIRST FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Amounts)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	<u>8,317,904</u>	<u>8,317,904</u>	<u>9,642,282</u>	<u>1,324,378</u>
DISBURSEMENTS				
Governmental activities				
Public Health & Social Services	<u>9,044,485</u>	<u>9,044,485</u>	<u>7,852,485</u>	<u>1,192,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(726,581)</u>	<u>(726,581)</u>	<u>1,789,797</u>	<u>2,516,378</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in			<u>(104,361)</u>	<u>(104,361)</u>
Operating transfer out			<u>(104,361)</u>	<u>(104,361)</u>
Total other financing sources (uses)			<u>(104,361)</u>	<u>(104,361)</u>
NET CHANGE IN FUND BALANCE	<u>(726,581)</u>	<u>(726,581)</u>	<u>1,685,436</u>	<u>2,412,017</u>
ENCUMBRANCE CREDIT LAPSE			581	
FUND BALANCE, beginning of year	<u>1,920,741</u>	<u>1,920,741</u>	<u>1,920,741</u>	
FUND BALANCE, end of year	<u>1,194,160</u>	<u>1,194,160</u>	<u>3,606,758</u>	<u>2,412,598</u>

LANCASTER COUNTY, NEBRASKA  
BUDGETARY COMPARISON SCHEDULE  
LANCASTER MANOR FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Amounts)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes			199	199
License, fees and rental income	15,427,803	15,427,803	15,923,434	495,631
Other receipts			28,385	28,385
Total receipts	<u>15,427,803</u>	<u>15,427,803</u>	<u>15,952,018</u>	<u>524,215</u>
DISBURSEMENTS				
Governmental activities				
Public Health & Human Services	<u>16,070,575</u>	<u>16,070,575</u>	<u>15,869,869</u>	<u>200,706</u>
NET CHANGE IN FUND BALANCE	(642,772)	(642,772)	82,149	724,921
FUND BALANCE, beginning of year	<u>892,772</u>	<u>892,772</u>	<u>892,772</u>	
FUND BALANCE, end of year	<u>250,000</u>	<u>250,000</u>	<u>974,921</u>	<u>724,921</u>



LANCASTER COUNTY, NEBRASKA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY MENTAL HEALTH FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Amounts)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes	2,267,830	2,267,830	2,054,107	(213,723)
License, fees and rental income	1,170,000	1,170,000	1,037,873	(132,127)
Intergovernmental	4,826,402	4,826,402	4,820,160	(6,242)
Other receipts	148,388	148,388	260,544	112,156
Total receipts	<u>8,412,620</u>	<u>8,412,620</u>	<u>8,172,684</u>	<u>(239,936)</u>
DISBURSEMENTS				
Governmental activities				
Public Health & Social Services	<u>8,558,026</u>	<u>8,558,026</u>	<u>8,410,555</u>	<u>147,471</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(145,406)	(145,406)	(237,871)	(92,465)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>24,000</u>	<u>24,000</u>	<u>12,500</u>	<u>(11,500)</u>
NET CHANGE IN FUND BALANCE	(121,406)	(121,406)	(225,371)	(103,965)
FUND BALANCE, beginning of year	<u>221,406</u>	<u>221,406</u>	<u>221,406</u>	<u>          </u>
FUND BALANCE, end of year	<u>100,000</u>	<u>100,000</u>	<u>(3,965)</u>	<u>(103,965)</u>

LANCASTER COUNTY, NEBRASKA  
BUDGETARY COMPARISON SCHEDULE  
PROPERTY MANAGEMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Amounts)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes			342	342
License, fees and rental income	2,604,457	2,604,457	2,690,292	85,835
Other receipts			<u>5,297</u>	
Total receipts	<u>2,604,457</u>	<u>2,604,457</u>	<u>2,695,931</u>	<u>86,177</u>
DISBURSEMENTS				
Governmental activities				
General Government	<u>2,469,642</u>	<u>2,469,642</u>	<u>2,414,976</u>	<u>54,666</u>
NET CHANGE IN FUND BALANCE	134,815	134,815	280,955	140,843
FUND BALANCE, beginning of year	<u>(134,815)</u>	<u>(134,815)</u>	<u>(134,815)</u>	
FUND BALANCE, end of year	<u>          </u>	<u>          </u>	<u>146,140</u>	<u>146,140</u>

LANCASTER COUNTY, NEBRASKA  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

NOTE 1. BUDGETARY COMPARISON SCHEDULES

Basis of Accounting

The accompanying budgetary comparison schedules are presented on the cash basis of accounting. This basis is consistent with the basis of accounting used in preparing the fund financial statements. All unexpended appropriations lapse at the end of the budget year. However, some appropriations may be encumbered at year end and disbursed in the following year due to the nature of the project.

Budget Law

The County is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

Deficit Fund Balance

Debt Service Fund	(1,459,257)
Community Mental Health Fund	(3,965)

## OTHER SUPPLEMENTAL INFORMATION

LANCASTER COUNTY, NEBRASKA  
NONMAJOR SPECIAL REVENUE AND CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET - MODIFIED CASH BASIS  
JUNE 30, 2005

	Special Revenue									Capital Projects	
	Weed Control Fund	County Property Management Fund	Building Maintenance Fund	Visitors Promotion Fund	Rural Library Fund	Veterans' Aid Fund	Keno Fund	Economic Development Fund	Rural Enterprise Fund	Building Fund	Total Other Governmental Funds
ASSETS											
ASSETS											
Cash and investments	69,123	(95,141)	47,069	73,644	29,779	23,261	528,265	174,595	97,236	464,148	1,411,979
Due from other government agencies					1,649					186	1,835
TOTAL ASSETS	69,123	(95,141)	47,069	73,644	31,428	23,261	528,265	174,595	97,236	464,334	1,413,814
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Vouchers payable	3,949	1,150	1,945	72,500						227	79,771
Other liabilities	6,804	9,715									16,519
Due to other government agencies											
Total liabilities	10,753	10,865	1,945	72,500						227	96,290
FUND BALANCES											
Reserved for:											
Encumbrances	643										643
Unreserved	57,727	(106,006)	45,124	1,144	31,428	23,261	528,265	174,595	97,236	464,108	1,316,882
Total fund balances	58,370	(106,006)	45,124	1,144	31,428	23,261	528,265	174,595	97,236	464,108	1,317,525
TOTAL LIABILITIES AND FUND BALANCES	69,123	(95,141)	47,069	73,644	31,428	23,261	528,265	174,595	97,236	464,335	1,413,815

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
NONMAJOR SPECIAL REVENUE AND CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
JUNE 30, 2005

	SPECIAL REVENUE										Capital Projects	Total Other Governmental Funds
	Weed Control Fund	County Property Management Fund	Building Maintenance Fund	Visitors Promotion Fund	Rural Library Fund	Veterans Aid Fund	Keno Fund	Economic Development Fund	Rural Enterprise Fund	Building Fund		
REVENUES												
Taxes	16,519			865,170	616,647	63				73,996	1,572,395	
Charges for services	17,709	13,786	419,427								450,922	
License, fees and rental income		967,279								5,000	972,279	
Interest on investments								7,119	2,400		9,519	
Intergovernmental	123,898				12,620		729,203	112,678	1,321	2,575	139,093	
Other receipts		2,315					729,203	119,797	3,721	207,407	1,052,924	
Total revenues collected	<u>158,126</u>	<u>983,380</u>	<u>419,427</u>	<u>865,170</u>	<u>629,267</u>	<u>63</u>	<u>729,203</u>	<u>119,797</u>	<u>3,721</u>	<u>288,978</u>	<u>4,197,132</u>	
EXPENDITURES												
Governmental activities												
General Government		1,154,551	344,245				75,355				1,574,151	
Public Safety - Law Enforcement												
Public Safety - Judicial												
Community Development								412,152		167,773	412,152	
Public Works	272,072										439,845	
Public Health												
Culture and Recreation												
Total expenditures paid	<u>272,072</u>	<u>1,154,551</u>	<u>344,245</u>	<u>870,500</u>	<u>633,923</u>		<u>75,355</u>	<u>412,152</u>		<u>167,773</u>	<u>1,504,423</u>	
EXCESS (DEFICIENCY) OF REVENUES	(113,946)	(171,171)	75,182	(5,330)	(4,656)	63	653,848	(292,355)	3,721	121,205	266,561	
OTHER FINANCING SOURCES (USES)												
Operating transfers in	113,863	161,889					(775,000)	(66,667)			275,752	
Operating transfers out											(841,667)	
Total other financing sources (uses)	<u>113,863</u>	<u>161,889</u>					<u>(775,000)</u>	<u>(66,667)</u>			<u>(565,915)</u>	
NET CHANGE IN FUND BALANCES	(83)	(9,282)	75,182	(5,330)	(4,656)	63	(121,152)	(359,022)	3,721	121,205	(299,354)	
FUND BALANCES, beginning of year	57,810	(96,724)	(30,058)	6,474	36,084	23,198	649,417	533,617	93,515	342,903	1,616,236	
FUND BALANCES, end of year	<u>57,727</u>	<u>(106,006)</u>	<u>45,124</u>	<u>1,144</u>	<u>31,428</u>	<u>23,261</u>	<u>528,265</u>	<u>174,595</u>	<u>97,236</u>	<u>464,108</u>	<u>1,316,882</u>	

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA  
COMPARATIVE ANALYSIS OF TAXES CERTIFIED, CORRECTIONS AND COLLECTIONS  
FOR THE FIVE YEARS ENDED JUNE 30, 2005

TAX CERTIFIED BY ASSESSOR	2000	2001	2002	2003	2004
Real estate	203,806,692	225,017,438	236,877,868	274,410,927	286,843,042
Personal	13,992,687	14,317,710	14,158,262	13,475,101	13,046,023
Specials	5,171,542	5,325,976	5,135,826	4,990,287	4,482,774
Total	<u>222,970,921</u>	<u>244,661,124</u>	<u>256,171,956</u>	<u>292,876,315</u>	<u>304,371,839</u>
CORRECTIONS					
Additions	180,962	54,143			360,634
Deductions			(332,634)	(759,459)	
Net corrections	<u>180,962</u>	<u>54,143</u>	<u>(332,634)</u>	<u>(759,459)</u>	<u>360,634</u>
TOTAL CERTIFIED TAX	<u>223,151,883</u>	<u>244,715,267</u>	<u>255,839,322</u>	<u>292,116,856</u>	<u>304,732,473</u>
NET TAX COLLECTED BY COUNTY TREASURER DURING FISCAL YEAR ENDED:					
June 30, 2001	124,421,356				
June 30, 2002	98,455,531	135,186,404			
June 30, 2003	108,521	109,243,607	144,271,893		
June 30, 2004	41,548	244,085	111,099,109	163,580,726	
June 30, 2005	<u>2,058</u>	<u>23,540</u>	<u>298,361</u>	<u>128,309,064</u>	<u>170,165,035</u>
TOTAL NET TAX COLLECTIONS	<u>223,029,014</u>	<u>244,697,636</u>	<u>255,669,363</u>	<u>291,889,790</u>	<u>170,165,035</u>
TOTAL UNCOLLECTED TAX	<u>122,869</u>	<u>17,631</u>	<u>169,959</u>	<u>227,066</u>	<u>134,567,438</u>
PERCENTAGE OF UNCOLLECTED TAX AS OF JUNE 30, 2005	<u>0.0551</u>	<u>0.0072</u>	<u>0.0664</u>	<u>0.0777</u>	<u>44.1592</u>

LANCASTER COUNTY, NEBRASKA  
COUNTY CLERK  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>50</u>
COLLECTIONS	
Recording and miscellaneous fees	9,631
Marriage license fees	33,720
Liquor licenses	<u>12,175</u>
Total collections	<u>55,526</u>
CREDITS	
Paid to County Treasurer	
Recording and miscellaneous fees	9,631
Marriage license fees	33,720
Liquor licenses	<u>12,175</u>
Total credits	<u>55,526</u>
BALANCE ON HAND, end of year	<u>50</u>



LANCASTER COUNTY, NEBRASKA  
REGISTER OF DEEDS  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>252,199</u>
RECEIPTS	
Documentary Stamp tax	2,464,686
Recording fees	1,489,773
Interest on checking account	<u>6,868</u>
Total receipts	<u>3,961,327</u>
DISBURSEMENTS	
Paid to County Treasurer	
Documentary Stamp tax	702,123
Recording fees	1,487,749
Nonfiling fee	<u>6,869</u>
Paid to state	
Documentary Stamp tax	<u>1,793,658</u>
Total disbursements	<u>3,990,399</u>
BALANCE ON HAND, end of year	<u>223,127</u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash on hand	<u>223,127</u>

LANCASTER COUNTY, NEBRASKA  
CLERK OF THE DISTRICT COURT  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>2,187,788</u>
RECEIPTS, TRUST FUNDS (including alimony, child support and fees)	<u>6,961,545</u>
DISBURSEMENTS, TRUST FUNDS (including alimony, child support and fees)	<u>7,195,284</u>
BALANCE ON HAND, end of year	<u>1,954,049</u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash on hand	300
Cash in bank	1,854,011
Cash in investments	<u>99,738</u>
Total balance on hand	<u>1,954,049</u>

LANCASTER COUNTY, NEBRASKA  
SHERIFF  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>63,449</u>
RECEIPTS	
Tax account	228,118
Fee account	421,048
Contracts, grants, special projects and miscellaneous	886,847
Vehicle inspection fees	127,212
Attorneys' Trust	<u>121,543</u>
Total receipts	<u>1,784,768</u>
DISBURSEMENTS	
Tax account	218,296
Fee account	435,063
Contracts, grants, special projects and miscellaneous	886,847
Vehicle inspection fees	127,212
Attorneys' Trust	<u>111,298</u>
Total disbursements	<u>1,778,716</u>
BALANCE ON HAND, end of year	<u>69,501</u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash in bank	<u>69,501</u>

LANCASTER COUNTY, NEBRASKA  
COUNTY ATTORNEY  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>35,021</u>
RECEIPTS	
Collections on bad checks	696,717
Collection fees	63,770
Interest	<u>132</u>
Total receipts	<u>760,619</u>
DISBURSEMENTS	
Payments on bad checks collected	540,415
Collection fees remitted to County Treasurer	63,770
Interest	<u>132</u>
Total disbursements	<u>604,317</u>
BALANCE ON HAND, end of year	<u>191,323</u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash in bank	17,284
Certificate of deposit	10,000
Balance with County Treasurer	<u>164,039</u>
Total balance on hand	<u>191,323</u>

LANCASTER COUNTY, NEBRASKA  
WEED CONTROL  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>- 0 -</u>
RECEIPTS	<u>32,607</u>
DISBURSEMENTS	<u>32,607</u>
BALANCE ON HAND, end of year	<u>- 0 -</u>

LANCASTER COUNTY, NEBRASKA  
CORRECTIONS DEPARTMENT  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>24,035</u>
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RECEIPTS

Room and board	1,501,194
State prisoner reimbursement	712,578
Inmate Fund	2,162,194
Telephone commissions	131,726
Vending machine commissions	64,250
Work release meals	70,654
Worker commissary reimbursement	10,759
Department of justice	56,168
Social security reimbursements	18,600
Miscellaneous	<u>7,831</u>
Total receipts	<u>4,735,954</u>

DISBURSEMENTS

County Treasurer	2,596,038
Inmate	2,012,819
Vendor	<u>129,675</u>
Total disbursements	<u>4,738,532</u>

BALANCE ON HAND, end of year	<u>21,457</u>
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SUMMARY OF BALANCE ON HAND, end of year

Petty cash	100
Cash in bank	<u>21,357</u>
Total balance on hand	<u>21,457</u>

LANCASTER COUNTY, NEBRASKA  
ENGINEER  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>- 0 -</u>
RECEIPTS	
General Fund	355
Bridge Fund	512,207
Highway Fund	<u>78,413</u>
Total receipts	<u>590,975</u>
DISBURSEMENTS	
General Fund	355
Bridge Fund	512,207
Highway Fund	<u>78,413</u>
Total disbursements	<u>590,975</u>
BALANCE ON HAND, end of year	<u>- 0 -</u>

LANCASTER COUNTY, NEBRASKA  
EXTENSION BOARD  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>- 0 -</u>
COLLECTIONS	<u>153,558</u>
CREDITS, PAID TO COUNTY TREASURER	<u>153,558</u>
BALANCE ON HAND, end of year	<u>- 0 -</u>



LANCASTER COUNTY, NEBRASKA  
VETERANS' AID FUND  
STATEMENT OF ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2005

BALANCE ON HAND, beginning of year	<u>7,750</u>
RECEIPTS	
Remittances from Lancaster County Treasurer	<u>- 0 -</u>
ASSISTANCE EXPENDITURES	
Rent	1,220
Utilities	507
Veteran burial	159
Food	367
Medical	<u>674</u>
Total assistance expenditures	<u>2,927</u>
BALANCE ON HAND, end of year	<u>4,823</u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash in bank	<u>4,823</u>

LANCASTER COUNTY, NEBRASKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Food Distribution Program		
Lancaster Manor	10.550	4,704
Detention Center	10.550	1,813
Passed-through Nebraska Department of Education		
National School Lunch Program		
Detention Center	10.555	68,374
Community Mental Health Center	10.555	<u>24,160</u>
Total U.S. Department of Agriculture		<u>99,051</u>
<u>U.S. Department of Justice</u>		
Passed-through State Commission on Law Enforcement and Criminal Justice		
Juvenile Justice and Delinquency Prevention:		
Part E State Challenge Activities	16.549	103,591
Local Law Enforcement Block Grant Programs (A)	16.592	153,968
State Criminal Alien Assistance Program	16.606	56,168
Drug-Free Communities Support Program Grants	16.729	99,763
County Attorney - Byrne Formula Grant Program	16.579	170,993
County Sheriff - Byrne Formula Grant Program	16.579	45,386
Violence Against Women Formula Grants	16.588	214,674
Juvenile Accountability Incentive Block Grants	16.523	268,518
VAWA Grants to Encourage Arrest Policies and Enforce Protection Orders	16.590	<u>126,335</u>
Total U.S. Department of Justice		<u>1,239,396</u>
<u>U.S. Department of Transportation</u>		
Passed-through Nebraska Department of Motor Vehicles		
State and Community Highway Safety	20.600	7,646
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant	20.601	<u>863</u>
Total U.S. Department of Transportation		<u>8,509</u>

LANCASTER COUNTY, NEBRASKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
<u>U.S. Department of Homeland Security</u>		
Passed-through Nebraska Military Department		
Emergency Management Performance Grant	97.042	64,521
Community Emergency Response Teams	97.054	8,899
State Domestic Preparedness Equipment Support Program	97.004	1,038,818
Public Assistance Grant	97.036	<u>657,437</u>
Total U.S. Department of Homeland Security		<u>1,769,675</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed-through Nebraska Department of Economic Development		
Community Development Block Grant/State Program	14.228	<u>1,729</u>
Total U.S. Department of Housing and Urban Development		<u>1,729</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through Nebraska Department of Health and Human Services		
Mental Health Planning and Demonstration Project		
Project Homeless Grant, Mental Health Care	93.150	32,500
Alcohol, Drug Abuse and Mental Health Services		
Block Grant, Mental Health Center	93.958	20,000
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	817,731
Substance Abuse and Mental Health Services Administration		
Projects of Regional and National Significance (CMHC)	93.243	214,756
Consolidated Knowledge Development and Application Program	93.230	497,791
Passed-through Nebraska Department of Social Services		
Child Support Enforcement, County Attorney	93.563	1,024,311
Child Support Enforcement, Clerk of District Court	93.563	388,454
Child Support Enforcement, Bailiff District Court	93.563	111,523
Administration for Children and Families		
Foster Care - Title IV-E (A)	93.658	39,504
Refugee and Entrant Assistance: Targeted Assistance	93.584	<u>249,783</u>
Total U.S. Department of Health and Human Services		<u>3,396,353</u>

LANCASTER COUNTY, NEBRASKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
<u>Other Federal Assistance</u>		
Social Security Administration		
Social Security Disability Insurance	96.001	18,600
U.S. Entitlement Lands	15.unknown	<u>10,609</u>
Total Other Federal Assistance		<u>29,209</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>6,543,922</u>

LANCASTER COUNTY, NEBRASKA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lancaster County, Nebraska, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2. SUBRECIPIENTS

There are no subrecipients of the federal expenditures presented in the schedule.

DANA F. COLE & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

1248 O STREET, SUITE 500

LINCOLN, NEBRASKA 68508

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Lancaster County, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lancaster County, Nebraska, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 31, 2005. Our report disclosed that, as described in Note 1 to the financial statements, Lancaster County prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lancaster County, Nebraska's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lancaster County, Nebraska's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dana J Cole + Company, LLP

Lincoln, Nebraska  
December 31, 2005

DANA F. COLE & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

1248 O STREET, SUITE 500

LINCOLN, NEBRASKA 68508

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
Lancaster County, Nebraska

Compliance

We have audited the compliance of Lancaster County, Nebraska, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to its major federal program for the year ended June 30, 2005. Lancaster County, Nebraska's major federal programs are identified in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Lancaster County, Nebraska's management. Our responsibility is to express an opinion on Lancaster County, Nebraska's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lancaster County, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lancaster County, Nebraska's compliance with those requirements.

In our opinion, Lancaster County, Nebraska complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Lancaster County, Nebraska is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lancaster County, Nebraska's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dana J Cole + Company, LLP

Lincoln, Nebraska  
December 31, 2005

LANCASTER COUNTY, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified: ☐ Yes ☒ No

Reportable conditions identified  
that are not considered to be  
material weaknesses: ☐ Yes ☒ None reported

Noncompliance matter to the financial  
statements disclosed: ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness identified: ☐ Yes ☒ No

Reportable condition identified  
that is not considered to be  
material weakness: ☐ Yes ☒ None reported

Type of auditors' report issued on  
compliance for major programs: Unqualified

Any audit findings disclosed that are  
required to be reported in accordance  
with section 510(a) of Circular A-133: ☐ Yes ☒ No

Identification of major programs:

State Domestic Preparedness Equipment Support Program	CFDA No. 97.004
Public Assistance Grant	CFDA No. 97.036
Child Support Enforcement	CFDA No. 93.563
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	CFDA No. 93.104

LANCASTER COUNTY, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

SECTION I. SUMMARY OF AUDITORS' RESULTS (Continued)

Federal Awards (Continued)

Identification of major programs: (Continued)

Substance Abuse and Mental Health  
Services Administration Consolidated  
Knowledge Development and  
Application Program

CFDA No. 93.230

Dollar Threshold used to distinguish  
between type A and type B programs: \$300,000

Auditee qualified as a low-risk Auditee: ☐ Yes ☒ No

SECTION II. FINANCIAL STATEMENT FINDING

None reported.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

LANCASTER COUNTY, NEBRASKA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2005

No findings noted in the prior year.